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February 18, 2004

## VIA ELECTRONIC FILING

Ms. Marlene Dortch Secretary Federal Communications Commission 445 12<sup>th</sup> Street, SW, Room TWB-204 Washington, DC 20554

Re: Notice of Ex Parte Presentation

In the Matter of AT&T's Petition for Declaratory Ruling That AT&T's Phone-to-Phone IP <u>Telephony Services Are Exempt From Access Charges</u>, WCB No. 02-361; <u>Vonage Holding Company's Petition for Declaratory Ruling</u>, WC No. 03-211; <u>Level 3 Communications Petition for Forbearance</u>, WC No. 03-266; <u>In the Matter of Developing a Unified Intercarrier Compensation Regime</u>, WCB No. 01-92

Dear Ms. Dortch,

Yesterday, I spoke with Lisa Zaina and Scott Bergmann, Commissioner Jonathan Adelstein's Legal Advisers, to discuss issues related to the aforementioned proceedings. During the course of those discussions, we the Commission not to impose the existing PSTN access charge scheme on any VoIP applications individually or collectively as those regulations would disincent investment in this important new technology. In fact, application of access charges were applied to voice applications that terminate on the PSTN, it would disincent rural broadband deployment entirely as well. During that discussion, I also stated that issues related to universal service and access charge contribution (which are affected by the intersection of IP technology with the PSTN) were better addressed holistically in an intercarrier compensation reform proceeding that eliminates the access charge regime entirely rather than begin the process of importing the competition-distorting access charge regime into this new technology. I explained that the Commission's failure to act in a timely manner in that proceeding (which has been pending nearly three years) was placing undue pressure on the Commission to act in a very regulatory manner towards VoIP traffic. I also explained that the Commission must not provide disincentives to backbone providers that will deter them from the

process of upgrading and investing to expand their IP capabilities. That investment will be necessary for the industry to provide a seamless conversion to an IP-based infrastructure that is transparent to end-users.

I urged the Commission to continue the de-regulatory policies that were established in 1998 and reaffirmed in 2001 in the Commission's *Inter Carrier Compensation NPRM*. We reiterated the view that imposition of access charges on VoIP would disincent investment by backbone providers in IP architectures and thus slow investment in this key technology area (contrary to prior Commission policy). Finally, we explained that providers of IP based services were, in fact, compensating all LECs for terminating that traffic pursuant to the interconnection provisions of the Act. Consequently, all LECs were recovering their respective costs plus a reasonable profit for terminating that traffic and that any claim that a carrier was not recovering its costs was an outright fabrication. In the event the Commission feels compelled to act on the Petition standing alone, I urged that the Commission should grant the Petition and set forth non-discriminatory policies for traffic that both originates and terminates on the public switched telephone network prospectively.

The positions expressed in the meeting for each of these areas were consistent with those contained in the Comments, Reply Comments and ex parte filings previously made in the aforementioned dockets. One electronic copy of this Notice is being submitted for each of the referenced proceedings in accordance with the Commission's rules.

Sincerely,

Robert W. Zuinn J.

Scott Bergmann

cc: